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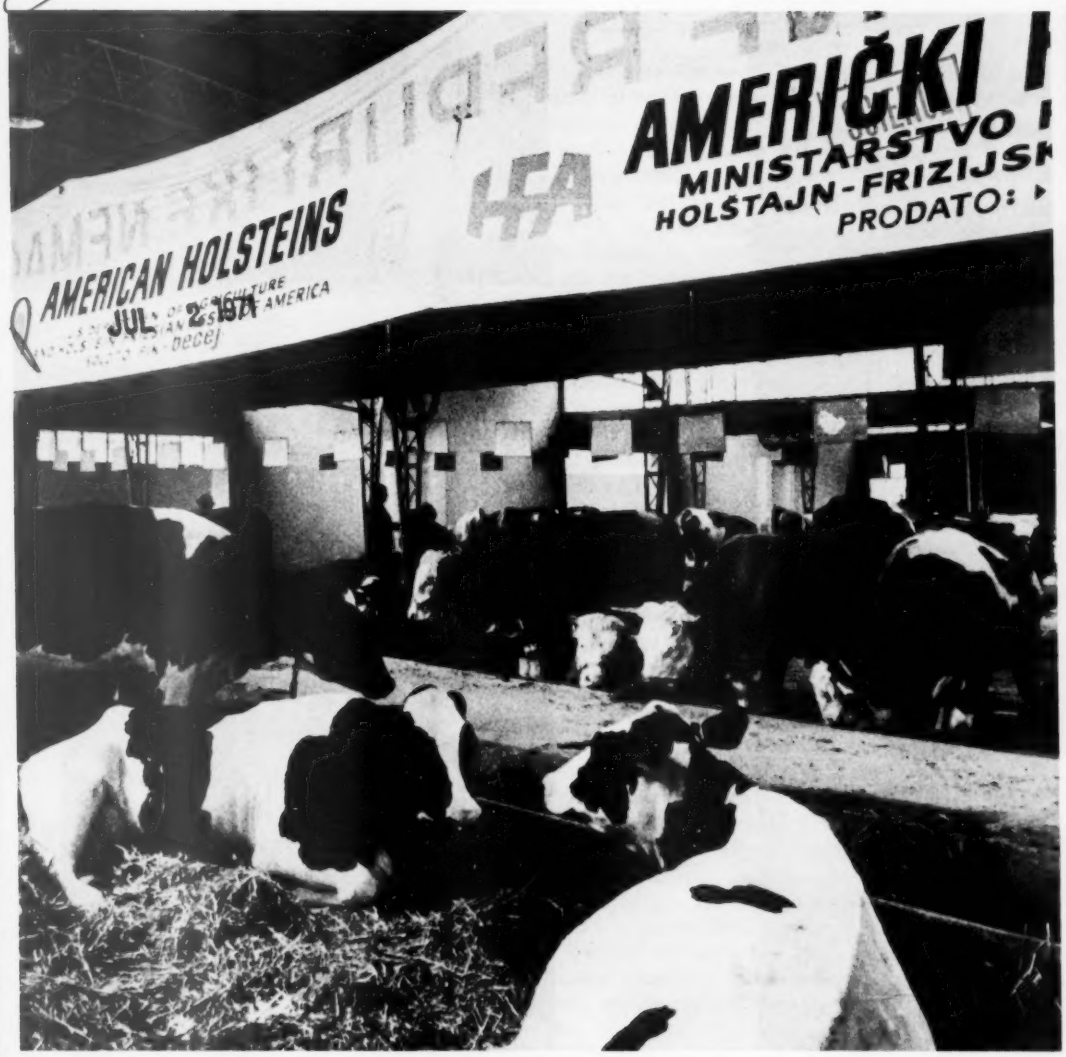

June 21, 1971

U.S. Promotion in the Global Market

Monetary Changes Affect Farm Trade

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This week's cover:

U.S. Holstein-Friesians (foreground) at Yugoslavia's Novi Sad Trade Fair. USDA-sponsored exhibits such as this one are part of a global market development effort for U.S. agricultural exports that has been underway for 15 years. (See articles pages 5 and 16.)

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Recent European Revaluation, Floated Currencies Affect Farm Production, Imports, and Exports

Revaluation and Affect Farm Production, Imports, and Exports

By O. HALBERT GOOLSBY
Foreign Development and Trade Division
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In addition to demand and supply, the values of country currencies sometimes play a role in the flow of agricultural products across national borders. Changes in currency values, such as the recent (May 10) revaluation of the Swiss franc and the Austrian schilling and the decision to "float" the German mark and the Netherlands guilder, have an effect not only on intra-European trade of agricultural commodities but also on U.S. agricultural exports to Europe. What will that effect be?

For Switzerland and Austria the situation is relatively simple. The revaluations (7 percent upward for the Swiss franc and 5.05 percent for the Austrian schilling) mean that importers in these two countries have to surrender fewer francs or schillings than before to obtain a given number of foreign currency units to purchase foreign goods.

With foreign goods cheaper, the quantity of imports may increase, and some of that increase may be in U.S. farm products. In addition, Swiss and Austrian farmers may find that foreign agricultural goods are more competitive with domestic production than before. And, finally, Swiss and Austrian farm exports will be more expensive to the foreign purchaser.

For Germany and the Netherlands the situation is somewhat similar but more complicated both because rates are flexible (floating) and because the countries are members of the European Community (EC).

Both the Germans and the Dutch decided to officially maintain the par value of their currencies but to permit —for an unspecified period—the mark and the guilder to float as market forces dictate rather than be fixed. A fixed currency is allowed to fluctuate only 1 percent above or below its declared value, established with the International Monetary Fund. But if a nation allows its currency to float, the country's central bank does not purchase or sell U.S. dollars or other forms of foreign exchange if its own currency changes in value more than 1 percent.

To date the German mark has appreciated about 3 percent in value and the Netherlands guilder about 2 percent. The general effect on trade parallels developments in Switzerland and Austria as long as the German and Dutch currencies continue to float above the original par values.

However, because Germany and the Netherlands are EC members, special considerations have had to be given to those agricultural commodities for which there are common prices and intervention measures (usually support prices) that have been instituted under the EC's Common Agricultural Policy (CAP).

For commodities covered by the CAP, the situation is complex because the six members of the Common Market have different currencies and have adopted a standard measurement of value, the "unit of account," defined to equal US$1. Intervention or support prices, levies, and export subsidies are all essentially denominated in U.S. dollars. At the same time, farmers, importers, exporters, and food processors make payments or receive income in their own national currencies.

When an EC country permits its currency to float, but maintains an official par value, two exchange rates come into being for agricultural commodities—the official par value which applies to domestic production through support prices and the international market value, which applies to imports and exports.

If the appreciation of the German mark and the Netherlands guilder were sufficient, the price of imported CAP commodities could become cheaper in these two countries than domestically produced items. This could lead to an abnormal situation in which food processors obtained all or a much greater proportion of their supplies from importers. At the same time Germany and the Netherlands would have to purchase all the domestic production that the food processors did not take.

Furthermore, farm exports from Germany and the Netherlands to other EC countries would be higher priced than the domestic production of those countries, and German and Dutch commodi-

Floating currencies and new EC trade rules will affect, among other items, production of grain in Germany (above), Dutch cheese exports (far left) and beef cattle imports to the Netherlands (left).

ties would be at a competitive disadvantage within the EC.

To forestall such difficulties, the EC Council of Ministers, the Common Market's legislative body, hammered out a policy in a 15-hour session that ended at 7:30 in the morning, May 12. This policy is set forth in Council Regulation 974/71. The articles of the regulation are stated in general terms and are applicable to any EC country.

In general, the regulation authorizes EC countries with floating currency exchange rates to impose compensatory taxes on imports of farm goods covered under the CAP and to grant subsidies on exports of the same commodities. These correctives also apply to processed commodities. The compensatory import taxes and export subsidies apply to trade both with fellow EC members and with third countries.

The correctives are calculated on intervention prices for imports from other EC countries and on c.i.f. prices for imports from third countries.

However, such export subsidies or import taxes are not to be applied unless a floating exchange rate leads to disturbances in trade in agricultural products. Furthermore, a floating currency must appreciate more than 2.5 percent. Then the amount of tax or subsidy will be based upon the full difference between a currency's spot exchange rate—relative to the U.S. dollar —and its par value established with the International Monetary Fund, not just the appreciation above 2.5 percent.

Taxes and subsidies, though, will not be recalculated with every minor change in a currency's spot exchange rate. Only after the rate has changed by 1 percent or more from its previous relation to the fixed value will new trade correctives be determined.

All compensatory import taxes and export subsidies will end when a fixed exchange rate is reestablished.

The EC Council also incorporated provisions in its May 12 regulations to apply when more than one EC member country permitted their currencies to float. Special adjustments were provided for if the currencies did not appreciate at the same rate so that trade between the countries would not be dislocated.

On May 17 the EC Commission, the executive organ of the Community, established compensatory import levies and export subsidies for Germany and the Netherlands. Retroactive to May 12, the compensatory amounts were set at 3 percent at the German border and 2 percent at the Dutch border on goods coming from other EC countries or third countries. In addition, a 1-percent compensatory amount was placed on products moving between Germany and the Netherlands. The last percentage is intended to prevent distortions in trade because of the differently increased values of the German mark and the Dutch guilder over their par values on European exchange markets for the period May 11–13.

On May 24 the rates were reviewed and were left unchanged, as they have been in the weekly reviews since that date. The compensatory amounts are applied to grain and processed grain products, pork, poultry and eggs, beef, dairy products, wine, sugar, and selected processed products. Fruits and vegetables, oil-bearing products, and tobacco are not affected.

Swiss carry milk to buttermakers.

In addition to the weekly review, the EC Commission is to submit a monthly report to the Council on the conditions encountered in applying the regulations concerning compensatory taxes and subsidies.

What were the economic factors that led to such complicated measures being needed to maintain the Common Market's agricultural and other trade on an even keel?

The ultimate cause was the huge inflow of U.S. dollars into Germany during 1970 and early 1971. This, in turn, was spurred by the tight monetary policy of the German Government, which kept interest rates high from a strong desire to fight inflation.

High interest rates, however, attracted foreign funds, especially "Eurodollars"—funds in banks outside the United States in accounts denominated in U.S. dollars. Eurodollars were borrowed by businessmen, who then exchanged them for marks and thereby avoided some of the effects of the tight policy on German money.

Also, during 1970, U.S. dollars, especially short-term funds, flowed to Germany as U.S. interest rates fell while German rates remained high. The outflow was expected in the United States but was much larger than anticipated. This movement increased Germany's foreign exchange reserves and gave rise to speculation that the German mark might be revalued again. (It was previously revalued by 9.3 percent in October 1969.)

The flow of U.S. dollars to Germany became so great that German commercial banks stopped purchasing dollars. As the demand for dollars then shrank, their value in terms of the mark declined to near the lower level permitted by International Monetary Fund rules. Germany's central bank, the Bundesbank, began to buy dollars. However, after the Bundesbank purchased over 2 billion U.S. dollars during May 3 through 5, it stopped purchasing on May 5 and closed the exchange market until May 10. While the market was closed, Germany decided to float the mark for an unspecified period of time.

Since the Dutch economy is closely tied to that of Germany, the Netherlands also decided to float its currency —the guilder. Switzerland and Austria revalued to avoid any subsequent inrushes of U.S. dollars that might occur after revaluation profits were made in Germany.

In the future, Germany hopes to maintain the present value of the mark. Certain measures are being taken to discourage inflows of dollars—such as the prohibition of payment of interest on foreign accounts in banks.

Promoting U.S. Agricultural Exports In the "Global Shopping Center"

By KENNETH K. KROGH
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The FAS-sponsored program of agricultural export promotion has witnessed 15 years of an evolutionary growth. Responding to world market changes and patterns of demand, the promotions have taken on new tactics and commodities.

Future promotions will probably reflect a trend toward a "market-oriented" rather than a "production-oriented" approach. The emphasis will shift to promotion of products the market wants to buy rather than products the United States happens to have for sale.

New activities will sharpen knowledge of the "wants" of overseas markets; stimulate greater export initiative within the United States; and improve the effectiveness of overseas promotional techniques.

As a result, U.S. agricultural products should attain a more competitive position in the global market place.

In this year of 1971, the Department of Agriculture is marking the observance of 15 years of experience in actively promoting U.S. agricultural export sales abroad. This period is one in which U.S. agriculture has developed a worldwide export promotion program. It is a period in which U.S. commercial farm exports have nearly tripled—from a level of $2.2 billion in fiscal year 1956 to an expected level of about $6.4 billion in this current year of fiscal 1971. But it also is a period in which sweeping changes throughout the world have served to transform the American concept of the world market and means of exploiting that market.

Fifteen years ago U.S. agriculture thought largely in terms of an "international" market for farm products abroad—a market noted for its diversity of appetites and demands—a market in which even neighboring countries seemed to differ greatly in what they wore, how they built their houses, and what they ate. But dramatic changes have occurred in these 15 years to sharply alter our way of thinking.

There has been a further revolution in modes of international communication that has inspired Marshall McLuhan to discuss the world in terms of a "global village." There has been the further development of world service organizations—in such fields as health, education, labor, banking, meteorology, atomic energy, oceanography, and food and agriculture—that has writers such as Zbigniew Brzezinski talking in terms of a new, "planetary consciousness." And there has been, at the same time, a sweeping revolution in commercial modes of production, manufacture, distribution and merchandising that has caused Peter Drucker to discuss our world of commerce in terms of a "global shopping center."

And so we are waking up to the fact that our overseas markets are not marked by such a diversity of appetites and demands after all. Rather, we are finding that people the world over are tending to want pretty much the same things in much the same ways. We seem to be witnessing, in other words, the emergence of a common demand pattern, a common demand schedule and a common set of values and preferences. Although certain regional characteristics tend to persist, the major differences around the world no longer seem to lie in what people have or want, but, increasingly in how much of the same things they have and can afford to buy.

We see all of this reflected in our largest overseas market for U.S. farm products, Japan. When we began our overseas market promotion program 15 years ago, one of our first projects—acting through one of our industry cooperator groups, Wheat Associates—was an attempt to get the Japanese to diversify their diet. Traditionally a rice-eating people, we hoped to introduce the Japanese to wheat foods on a broad scale and thus build a larger overseas market for U.S. wheat growers and traders.

We began with a few kitchen buses, specially outfitted for demonstrations of wheat foods to small groups of housewives at crossroad stops throughout Japan. The emphasis was on nutrition. And it worked. Soon the Japanese themselves took up the idea and outfitted more than 100 such buses for demonstrations of their own throughout the country. Our wheat sales to Japan since have soared. The Japanese economy has broken all records for rapid develop-

The above article is an adaptation of a recent speech by Mr. Krogh, before the 1971 National Agricultural Marketing Conference in Denver, Colorado.

ment and expansion. And Japan has become a major world market for wheat and a multitude of other products as well.

Today Japan has become our first billion-dollar export market for U.S. food and agricultural products. Feedgrain sales to Japan in fiscal year 1970 amounted to a whopping $336 million. Soybean sales came second, amounting to $251 million. Wheat sales were third with a total of $136 million. We seem to have surprised even ourselves with the success of our sales promotion efforts in Japan.

But before we congratulate ourselves too loudly, let's take a closer look at that Japanese market.

While we have been spending about $2 million annually on 13 separate promotion projects in Japan, there have been at least 30 other countries working away in that market, too. Together, they now spend twice as much promotion money as we do. They spent about $4.3 million for government-assisted promotion programs in fiscal year 1970 —and their results may have been even better than ours. For although our exports to Japan have been rising to record heights each year, the U.S. share of Japan's total agricultural imports actually has declined. Whereas our share registered about 33 percent in the mid-1960's, it slipped to about 31 percent in 1970.

And the competition is just as keen in other major U.S. markets overseas and getting keener. In both the United Kingdom and West Germany, for example, more than 25 other countries are carrying out promotional campaigns aimed at capturing bigger shares of those vital markets. As in our own program, their activities span the gamut of promotional techniques. They include advertising on television and radio, in magazines, trade journals, newspapers, billboards, and window displays. They include exhibits, demonstrations, instore promotions, trade missions, and trade servicing activities. And many of these countries spend proportionately much more for promotion in relation to the value of their exports than we do.

We are finding, in other words, that we are, in actual fact, involved in a global shopping center operation: Everybody is getting into the act. And we have to move fast even to maintain our place in the competitive situation that has evolved.

All of which underlines the importance of market promotion abroad. We are finding that in the face of mounting competition overseas, market promotion has become an increasingly indispensable tool. While price, quality, and product availability are the three marketing factors most basic to any sales situation, the factor of promotion is the one which gets the most from the sales potential of the other three. It is the exporting party with the most effective promotion that usually ends up getting the business.

Also important, promotion is often the only independent variable in a marketing mix. Price, quality, and product availability are variables which often are largely dependent upon conditions beyond the seller's control. Weather conditions, for example, may vitally affect product quality and availability and, in so doing, affect the factor of price as well. But promotion is controllable—it can be phased in and out at will. It is the most fully independent of all the factors in a sales program mix, and its effective use at strategic times can be vital in gaining an important market advantage.

A fully-developed and properly phased market promotion program is

During the past 15 years U.S. food and agricultural products have been promoted in a variety of ways in numerous markets around the world. Clockwise from upper right: Supermarket promotion, Sweden; trade fair exhibit, Anuga, Germany; wheat promotion, Japan; food exhibit and restaurant promotion, Kuwait.

thus an absolute must for any serious contender in an increasingly complex and competitive world economy.

The main thrust of our overseas promotional program is what we call our industry "cooperator" program. This is the program in which private trade groups work with the Department on a joint, cost-sharing basis to promote U.S. products in markets throughout the world.

Today, after 15 years of program development, we have a world-wide series of such joint promotional programs underway. They are being carried out by more than 40 leading agricultural trade groups operating on a continuing basis and by some 27 additional trade groups operating on an activity-by-activity basis. In turn these groups work with more than 100 foreign trade associations, all devoting manpower and financial resources to the overseas promotion job.

It is these groups—both U.S. and foreign—who work day-in and day-out with overseas importers, processors, retailers, government officials, and consumers, promoting the utilization and sale of maximum quantities of our food and agricultural products. And their efforts now constitute a network of activities which extend, to one degree or another, to more than 70 countries throughout the world.

While we are pleased with the progress of our promotional work abroad so far, our overall program is not yet the effective marketing tool we want it to be. We are still in a process of transition from a "production-oriented" approach to a "market-oriented" approach. And much work remains to be done before that transition is completed.

Under a "production-oriented" approach, promotional emphasis is given largely to the products which the United States happens to have for sale. Under a "market-oriented" approach, however, it is necessary to place greater emphasis, first, on determining what products the overseas market wants to buy, and, second, following through to mobilize all elements of the U.S. export chain to satisfy those wants as effectively as possible. The latter approach requires more effective coordination domestically, much more knowledge of markets abroad, and an intensified, more professional promotion effort overseas as well.

Three categories of new activities are now being undertaken by the Foreign Agricultural Service to give us more of a "market-oriented" approach.

The first category involves activities intended to sharpen our knowledge of the "wants" of overseas markets. We have established a small program development staff to help us, first, in redesigning our research projects so that the resulting data will meet "market-oriented" criteria; second, in pinpointing the most promising market opportunities abroad on a country-by-country basis; and third, in utilizing the resulting information for the most effective allocation of promotional resources as between market areas and promotional strategies and activities.

The "wants" of markets tend to vary according to their stage of development with respect to the common demand pattern we see emerging around the world. We therefore need to follow each market closely, pinpointing its needs at every stage of development.

Another activity to sharpen our knowledge of the "wants" of overseas markets involves the development of an automated trade opportunity referral system. Such a system will bring computer techniques to the task of quickly referring overseas trade inquiries to appropriate potential exporters in the United States. But in addition, it also may provide us with a comprehensive data bank with respect to tariff and nontariff trade barriers that will assist U.S. exporters in quickly assessing the importance of overseas trade leads in specific market situations. We are currently conducting pilot projects in both West Germany and Japan to see if such a data bank on tariff and nontariff barriers is feasible.

A second category of new activities involves those intended to stimulate greater export initiative within the United States. It is not enough to determine the "wants" of overseas markets if domestic export resources cannot be effectively mobilized to satisfy them. Accordingly, we have established a new Export Trade Services Division in our agency to work with state groups, freight carriers, freight forwarders, banks, credit institutions, combination export managers, and would-be exporters of all sorts to enhance the prospects for expanding U.S. agricultural exports.

In this connection we have been highly pleased to see that an entirely new dimension of program support has come into play during the past year in the form of the participation of state departments of agriculture. Previously, our program has been chiefly dependent for support upon groups organized on a commodity or product basis. Now, however, the program is beginning to benefit from the support of groups organized on a geographic basis as well.

The result of this broadened support is a more comprehensive servicing of potential U.S. agricultural exporters. And the effects of this more comprehensive servicing are showing up in the new types of activities open to the program and the increased participation of private firms in some of the more established activities.

The new automated trade opportunity referral system, for example, is possible only because the state departments of agriculture have come forward to carry out the grass roots servicing of that system within the United States. And our overseas exhibits program has been given a new influx of commercial participants as a result of trade solicitations by state groups.

A third category of new activities involves efforts to improve the effectiveness of our overseas promotional techniques. We need to make better use of pilot promotions before embarking on expensive campaigns. We need better coordination of efforts in such fields as the promotion of feedstuffs where several cooperator organizations are aiming at the same target groups. We need to work harder at identifying our products as of U.S. origin. We need to be of greater service to those who are buying direct from the United States. There seems to be no end to the refinements that must be made if we are to make continued progress in the face of the increasingly keen competition now facing us abroad.

Generally speaking, however, our position in the export market is strong. We have a magnificent capacity to produce many products and to produce them efficiently. We have a system of export services and market promotion that reaches almost from the U.S. farm to the foreign consumer's table.

What remains is to strengthen our "market-oriented" approach to overseas promotion. Once this is accomplished we will do an even better job of ringing up sales in the operations of the world's global shopping center.

Taiwan's Ports Expand With Growing Trade Demands

By NORMAN J. PETTIPAW
U.S. Agricultural Attaché
Taipei

Taiwan is served by two major and one minor international ports, Keelung, Kao Hsiung, and Hualien. Historically the most active port, Keelung, on the northeast tip of Taiwan, was overtaken in the 1950's by Kao Hsiung, on the southwest coast.

At present, berthing facilities at Kao Hsiung can accommodate vessels up to 30,000 tons. This limitation will be removed by 1975, when a large construction project now underway at Kao Hsiung is completed. Kao Hsiung has a large natural port, more than 7 miles long, but full development has been hindered by the existence of only one narrow entrance at the northern extremity of the port. A second entrance 6 miles to the south, will allow passage of bulk carriers up to 75,000 tons by 1975.

Hualien, Taiwan's third international port, is still very small, as it serves the least developed part of the island, the mountainous east coast. The principal agricultural commodities handled are exports of brown sugar, logs, and bamboo poles to Japan and Korea. Berthing facilities in Hualien are limited to 8,000- to 10,000-ton vessels.

Taiwan's imports of grains and oilseeds have increased much more rapidly than have the port facilities necessary to handle these commodities at a reasonable cost. Total grain and oilseed imports increased moderately from 424,000 metric tons in 1960 to 601,000 tons in 1965, then skyrocketed to 2,062,000 by 1970.

Imports included wheat, corn, and soybeans from the United States, corn from Argentina, and barley, mainly from Australia.

Contributing to this accelerated demand for grain and oilseeds imports were lack of farm land, increasing farm labor costs, urbanization, industrialization, rapidly increasing per capita in-

Colombia Improves Port an

By W. GARTH THORBURN
U.S. Agricultural Attaché
Bogota

The Colombian Government, through its Institute of Agricultural Marketing (IDEMA), has recently undertaken the expansion of elevators and warehouses to provide better storage for Government-purchased commodities which receive price supports, particularly grains.

The project calls for improved local storage facilities as well as larger storage capacity at ports. Imported wheat and barley, in particular, are expected to benefit from the expansion program.

U.S. wheat and barley exports to Colombia, which have grown substantially in recent years, could gain further impetus as a result of the new effort. Colombia's imports of U.S. wheat and flour increased from 99,000 metric tons during July–December 1969 to 149,000 tons during the same period in 1970. Its barley imports from the United States rose from 15,783 tons during July–December 1969 to 38,087 tons in that period a year later.

In 1967, Government warehouses and elevators (excluding those for storing cotton) had a capacity of 202,789 metric tons, with warehouses accounting for about three-fourths of the total. At that time, the Government decided to increase storage capacity—primarily in elevators—through its own resources and through loans from the U.S. Agency for International Development and the Inter-American Development Bank (IDB).

Construction began the same year and was well underway in 1968, but no new facilities were functional until 1969. That year warehousing was increased by approximately 8,000 metric tons and silos by 12,500 tons, bringing total capacity to 223,084 tons.

By 1970, under IDB financing, construction was in progress at inland points and at the ports of Santa Marta and Buenaventura. Additional capacity is under construction at Neiva and Valledupar. Facilities will open between

Expanded imports of grains and oilseeds have pushed Taiwan's ports into a period of expansion. Here, U.S. soybeans are unloaded at the growing port of Kao Hsiung.

come, and changing dietary patterns with increased consumption of pork, poultry, and vegetable oil.

Neither Keelung, nor Kao Hsiung, had any bulk grain unloading facilities or silos until 1956 when the U.S. Government financed the erection of a 10,000-ton silo in Keelung. This silo was expanded to 15,000 tons in 1965, operating with two pneumatic suction conveyors with a total capacity of unloading vessels at 200 metric tons an hour. These facilities have only been used to unload wheat, and in 1970 handled less than one-half of Taiwan's wheat imports.

A two-phase expansion of the Keelung elevator will be completed within a year. The first, which will add 7,500 tons capacity, is scheduled to go into operation on July 1, 1971. The second, with 28,000 tons, will be completed by July 1, 1972, bringing total silo capacity to 50,500 tons.

At the same time, vessel-unloading capacity will be expanded by an additional 200 tons a day, and equipment for the bulk loading of rail cars added, the first such equipment in Taiwan. To facilitate internal bulk grain shipment the Taiwan Railway Administration has purchased its first 20 hopper cars for delivery in 1971.

Until this year, unloading of bulk grains and oilseeds in Kao Hsiung involved bagging in the hold or on the pier. As a result, in the past it has been more advantageous to purchase most of Taiwan's corn requirements on a bagged basis, from Thailand. With the large increase in volume of grain and oilseed imports in recent years, demurrage, storage costs, and waste increased drastically.

In January 1971, a new 40,000-ton silo, with pneumatic unloading capacity of 400 metric tons an hour, went into operation in the port of Kao Hsiung. As this facility is still not able to handle all the incoming shipments, it will be expanded to a capacity of 66,000 tons in the near future. All the foregoing silos have been built and are owned by the Taiwanese Government port authorities also.

The Taiwan Sugar Corporation, a State-owned enterprise, now plans to construct two new wharves of its own for the export of sugar and the import of feed grains. The grain silos, which will have a capacity of 40,000 metric tons, will be used to supply feed grains to the Cargill-Taiwan Sugar feed mill, which is due for completion before the end of 1971. Bulk storage facilities for 20,000 tons of sugar are also included. Taiwan Sugar hopes to have its new port facility completed by 1973.

Bananas, Taiwan's most valuable agricultural export, received their share of new port investment with the completion in 1966 of a specialized banana pier in Kao Hsiung. This features the largest refrigerated banana warehouse in the Far East, along with mechanical handling equipment.

t and Local Storage Capacity

now and some time in 1973.

Facilities at Buenaventura and Santa Marta will open this year and will have respective capacities of 12,000 and 30,000 tons. Wheat, barley, and other grains are unloaded at these two ports; rice and corn are loaded.

These two elevators may help revolutionize grain handling. All grains now enter in bulk, are drawn out by vacuvators at the port, and then bagged. The elevators should be able to take wheat directly from the ships and—since railcars go directly to the silos—deposit the grain in hoppers for delivery to mills or breweries. Facilities at Santa Marta will be able to receive about 350 metric tons of grain per hour, the highest rate in the country. As a result of these features, cost at port could be cut considerably.

Facilities at Cereté, Neiva, El Espinal, and Valledupar will be increased by a total of 46,000 tons by 1973. In Cereté, a major rice- and corn-producing area, an increase of 16,000 tons is planned. A 14,000-ton increase is planned for Neiva, where rice, corn, and tobacco are grown. Like cotton, corn is becoming a crop for which storage is important (IDEMA has separate facilities for cotton).

Capacity will be increased by 7,000 tons at Valledupar, in northeast Colombia, and by 9,000 tons in El Espinal, where, as in Neiva, many food crops are grown and held, then passed on to main elevators in consuming centers or at ports for export.

This year, total elevator capacity should increase to 130,278 metric tons, 79,432 tons over the 1967 level. Warehouse space is expected to remain at the 1969 level. This brings capacity of facilities constructed or expanded by IDEMA to 262,200 tons, 33 percent of total storage facilities in Colombia. The projected figure of 422,084 will give IDEMA 55 percent of the total and the largest elevator system in Colombia.

Wheat is inspected in a field, left, before moving to an elevator, above, for storage. New elevators will help keep down prices of both domestic and imported grains.

Policy Changes Restructure Chilean Agriculture

By WALDO S. ROWAN
U.S. Agricultural Attaché
Santiago

Under Chile's new Socialist Government, headed by President Salvador Allende, a number of changes are being made in agricultural policy.

The policy exerting the most immediate influence on Chile's agricultural sector is the application of an old agrarian reform law—the second such law in the country's history.

Although agrarian reform in Chile dates back more than 20 years, the first law of any significance relating to it was passed during the Jorge Alessandri administration, in power from 1958 through 1964. Under this law, the Agrarian Reform Corporation was set up and a few farms were expropriated.

The succeeding administration, Eduardo Frei's Christian Democrat Party, passed in 1967 the law presently in force, which gave the Government wide power in expropriating farms, establishing the amount and method of payment to owners, and resettling farmworkers on expropriated farms. The Frei administration's objective was to settle 100,000 farm families, but because of costs and lack of budget, only about 12,000 families were actually resettled.

One promise of President Allende's Unidad Popular Party before coming to power was a drastic speedup in agrarian reform. To learn what this would entail, leading Chilean farm organizations sent a list of questions to President Allende shortly after he took office, asking him to clarify the "rules of the game." In reply, Minister of Agriculture Jacques Chonchol explained some basic Government policies.

All farms in Chile, except those classified as medium and small, are to be expropriated in the shortest possible time, according to the Minister. Medium and small farms may also be expropriated if they are abandoned, poorly exploited, rented, or located in certain agrarian reform zones. The Government assures small and medium farmers that their farms will not be expropriated for any reasons other than these, Mr. Chonchol said. However, a medium farm, now defined as no larger than 200 basic irrigated acres, may be redefined if the agrarian reform process makes it necessary. Subsequently, Mr. Chonchol said he wished the legal maximum dropped to slightly less than 100 acres.

The Minister also stated later that 650 farms have been expropriated under the new Government and that the June 30 target is an even thousand.

Each farmworker, whether presently a member of an agrarian reform cooperative (asentamiento) or standing to benefit by future land tenure changes, will be assured ownership only of his house and garden and/or orchard.

The Minister stressed the Government's desire for the active participation of local farmworkers' groups in decision-making in several areas of the agrarian reform process.

Farmworkers' councils should handle the cooperative integration of all sectors —agrarian reform projects, State farms, and small and medium farms—according to Mr. Chonchol. (All producing land is to be organized into cooperatives or State farms.) The old cooperative system will have to be reformed substantially, he said.

In addition, State and farmworker organizations must recognize the right of an expropriated farmer to keep a reserve of 200 basic irrigated acres for his own use before the Government can recognize this right. To obtain a reserve, the farmer's social attitudes must be favorable to development of the farmworkers' communities. The right will not be recognized if the expropriated farm was leased, abandoned, or poorly operated. But if a farmer denied a reserve does not have another means of support, some kind of indemnity more favorable than the long-term deferred payments for expropriated land is to be established so he can reorient his activities and be sure of a future in the social system.

Farmworkers also have a say in proposing amendments to existing agrarian reform legislation. The Government, with the participation of the farmworkers, will propose amendments to expedite the process of expropriation and eliminate exemptions such as those for vineyards and forests, the Minister said.

Mr. Chonchol made it clear, however, that the process of land division is the responsibility of the State. A landowner with a holding greater than that defined as medium is not allowed to divide his excess land with his workers or other small farmers in order to form cooperatives.

The Government's right to expropriate is limited at present. According to Mr. Chonchol, the Union Popular Government will operate under legislation in force regarding such items as machinery, implements, and goods, and will not expropriate these items. Instead it will try to negotiate with owners for title, offering indemnification. In the future, legal amendments will be proposed authorizing expropriation of these items.

The Government will also allow an expropriated farmer to harvest crops in production at the time of expropriation and maintain receipts from the sale of his harvest, provided the taking of the farm is not delayed, the Minister said. If harvesting would delay expropriation, the farmer is to receive a just indemnity for any loss.

Expediting agrarian reform will help absorb unemployed hand labor to an important extent, Mr. Chonchol said. Also, regionalization of industrial development is expected to help diminish migration of rural labor to cities.

Other economic help planned by the Government includes an effort to integrate the farms—both small and medium—of each zone into regional farmworkers' enterprises, through which credit and technical assistance can be granted and farm production marketed, according to Mr. Chonchol. Additional economic activities are to be established to insure steady work for all farmworkers of a zone.

Establishment of State farms—to demonstrate the most advanced farming methods—is contemplated, Mr. Chonchol stated. (Subsequently he announced that the first State farm will consist of 12,500 acres in Loncoche in the Province of Cautín.)

In response to a general question on trade, the Minister commented that Government plans to develop an aggressive foreign trade will involve utilizing the country's comparative advantages, which should result in specialization of products for export. Nevertheless, Chile must continue to promote production of those products fundamental to its domestic needs, he said.

Public reaction to the "rules of the game" has been varied. Large farmers feel the reform is punitive while workers think it hasn't been carried far enough. Large farmers in general are concerned because their right of reserve is conditional and because of the Government's plans to expropriate inventories. They criticize the Government for recognizing only the farmworkers as representatives of agriculture.

Medium-sized farmers are afraid their farms also may be expropriated since the Government can redefine the limit of 200 acres. Greatest concern, however, of many medium and large farmers alike is that real private agriculture may not exist in the future. Many farmworkers also are dissatisfied with ownership only of a house and orchard and have expressed a fear of being herded into large cooperatives or State farms.

Armed Mapuche Indians supported by activists in the Movement of the Independent Revolution (MIR) have taken over haciendas, mostly in Cautín Province. There has been a counter-reaction by landowners.

Public reaction to the agrarian reform is only one problem faced by the new Government, however. Expropriation alone will not solve the problems of underemployment, unemployment, and food shortage. The new cooperative and State farms will continue to have many of the difficulties of the previous administration's asentamientos, especially the shortage of finances and trained technicians. It remains to be seen if Chile's democratic revolution can solve the country's agricultural problems or merely creates new ones.

Credit Squeeze on Chilean Farmers

This year medium- and large-scale Chilean farmers are facing a real credit crunch.

The traditional banking system is in a state of turmoil. Private banks have been selling out to the Government in large numbers and even those still nominally under private ownership operate under State supervision. In line with the Allende Government's agrarian reform policy, bank credit is used more to benefit the small farmer than the large.

In addition, of the institutional credit sources outside the banking system, the most rapidly expanding since 1969 has been the Agrarian Reform Institute (CORA), which makes loans to agrarian reform settlements. The Institute for Agricultural Development makes loans to small farmers.

Thus the small farmer seems in a better credit position than the large producer for the present.

The uncertain credit situation, combined with the change in political climate, is hurting large farmers in another way. Even at the expense of lower domestic production, the country is shifting toward crops of early maturity and low production cost, especially wheat. As a direct result, production of corn, rice, and edible oilseeds—grown mainly on large farms—will be lower in 1971.

Prior to the Allende Government, large farmers were in a more favorable credit position than small ones. They could take advantage of a variety of sources for crop loans. In addition to bank credit, for which a farmer had to have a good credit record and a history of profitable operations, credit was traditionally granted by millers, processors, and exporters for specific purposes. Also, the Central Bank and State Bank helped finance farmers and agribusiness firms by handling warehouse receipts, granting letters of credit, and similar operations.

Other credit sources were—and still are—the Sugar Refining and Promotion Institute, the Association of Edible Vegetable Oil Refineries and Producers, and the Chilean Tobacco Company, all of which provide credit, seed, fertilizer, and technical assistance to farmers.

However, even before the current banking crisis, credit was not adequate to meet the requirements of agriculture. There was much barter among farmers, and purchases by millers and other agribusiness enterprises were on a basis of promissory notes which were discounted through the banking system at very high interest rates.

Danes Lead Scandinavia In Imports of Soybeans

Among the contributors last year to the surge in world imports of U.S. soybeans was Scandinavia—and Denmark in particular. Far the largest Scandinavian importer of soybeans, that country increased its purchases by more than a fourth to a record level.

Norway, the second largest soybean importer in Scandinavia, also upped takings, and Sweden in the year ending June 30, 1971, is buying considerably more than its traditionally small import. Finnish purchases, on the other hand, have continued at past rates.

Looking ahead, 1971 appears to be developing into an equally good year for U.S. sales. Norway is expected to expand imports further. Denmark should continue to import at a high level. And changed margarine requirements are making for further increases in Swedish purchases.

Denmark. U.S. soybean sales there reached an alltime high, with import volume climbing 29 percent from 1969 to 534,769 metric tons and value soaring 57 percent to $57.2 million. In addition to expanding sales, the United States increased its share of the soybean market to almost 100 percent from 84 percent in 1969. This country also continued to supply a small share—7 percent—of Denmark's oilcake and meal imports; these totaled 782,000 tons in 1970, or 9 percent more than the previous year's.

Accounting for the gains were improvement in both the oil and feedstuff markets, which enabled Denmark's two oilseed crushing plants to operate at full capacity. Reduced offerings of sunflower and rapeseed oils from Eastern Europe increased world prices for fats and oils in 1970 and allowed for larger Danish exports of surplus soybean oils; these were up nearly 25 percent from 1969 to 56,366 tons and went mainly to Sweden and the Netherlands. At the same time, 1970 was one of the best years yet for the Danish feedstuff trade. Prices on oilcakes and meal increased considerably, and use for feeding purposes rose by 86,000 tons to 1,067,200.

In spite of efforts to increase domestic protein output, Danish oilseed production remains low and a small factor in overall consumption needs. In fact, many farmers are expected to give up growing horsebeans, still an experimental crop, because of low returns. Rapeseed production has also declined as a result of labor scarcity and unfavorable weather.

With crushing margins off from the favorable levels of 1970, mills in 1971 are not expected to push operations to the upper limit as they did in the previous year. Thus, even though stocks are rather low, Denmark will probably not match last year's record import of U.S. soybeans. Currently it looks as if purchases will dip to about 500,000 tons, which is still considerably above 1968 and 1969 levels. A relatively stable market is seen for soybean meal, although prices have dropped some from last year.

Norway. In contrast to most soybean importers, this country's purchases are being pushed up by increased demand for the oil—not the oilcake and meal. The gain in its soybean imports last year amounted to 3 percent, to 183,000 metric tons, with virtually all of this coming from the United States.

The increase reflects a stepped-up extraction program in the three Norwegian crushing plants to meet the margarine industry's expanded needs. That industry's introduction of "all-soy" margarine (advertised as such) on the market has been highly successful, and production of this type can be expected to expand further in coming years.

Production of soybean meal, on the other hand, is in excess of domestic needs, and Norway exports over a third of it to neighboring countries.

Norway's small production of rapeseed is of no consequence to overall trade, since none is grown for extraction purposes. And in the fishing industry—long the dominant source of oil and meal—a shift in the catch away from marine mammals and herring to other types of fish and a resulting lowering of oil quality has cut use of such oil in the manufacture of margarine.

This reduction, plus increasing production of "all soy" margarine, should work in favor of larger soybean purchases. Currently, it looks as if some 50,000 additional tons—225,000 in all—will be needed for crushing in 1971 with most from the United States.

Sweden. A much larger oilseed production than in the other Scandinavian countries—166,000 tons in 1970 and 180,000 forecast for 1971—has kept this country's oilseed imports at relatively low levels. Imports in 1970 totaled only 51,300 tons and were largely of copra; soybean purchases amounted to a mere 3,500 tons.

Imports of oilcake and meal are considerably larger—328,000 tons in 1970. Half of these were soybean cake and meal, with only 22,400 tons of that imported directly from the United States. Most of the remainder came from U.S. soybeans crushed in Denmark and Norway. Purchases of oils last year totaled 140,000 tons, with 27,400, mainly menhaden and cottonseed oils, coming from the United States.

This season, for the first time in many years, Sweden is greatly increasing imports of U.S. soybeans for extraction—by more than fourfold to an estimated 16,000 tons. And they are to rise again in 1971–72 to around 20,000 tons. The reason is a reduction from 30 percent to 15 percent in the amount of rapeseed oil that can be used in margarine owing to a suspected link between rape oil with a high erucic acid content and cardiac ailments.

Finland. With domestic turnip-rapeseed accounting for only about 10 percent of oilseed requirements, Finland must rely heavily on imports. In fiscal 1970, such purchases totaled about 100,000 tons, and a similar amount is expected to be imported in 1970–71, with about a fourth of U.S. origin.

Finland's purchases of vegetable oils totaled 41,500 tons in fiscal 1970—22 percent of these from the United States. With the price of soft margarine recently increased 36 percent, Finish margarine production is expected to level off in 1971. Thus, oil requirements are assumed to remain at the 1970 level.

Finnish demand for oilseed cake and meal is low owing to a reduction in animal numbers and a large use of locally produced feed supplies.

CROPS AND MARKETS

Grains, Feeds, Pulses, and Seeds

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	June 16	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	1.94	+2	1.96
USSR SKS-14	1.89	+1	(1)
Australian FAQ	1.78	0	1.75
U.S. No. 2 Dark Northern Spring:			
14 percent	1.91	+3	1.86
15 percent	1.96	+4	1.93
U.S. No. 2 Hard Winter:			
13.5 percent	1.89	+1	1.83
No. 3 Hard Amber Durum	1.79	+1	1.85
Argentine	(1)	(1)	1.76
U.S. No. 2 Soft Red Winter	1.76	+2	1.67
Feedgrains:			
U.S. No. 3 Yellow corn	1.73	+3	1.68
Argentine Plate corn	1.77	+2	1.74
U.S. No. 2 sorghum	1.55	+6	1.43
Argentine-Granifero sorghum	1.52	+4	1.39
U.S. No. 3 Feed barley	1.25	+5	1.08
Soybeans:			
U.S. No. 2 Yellow			
EC import levies:			
Wheat	1.39	−2	1.44
Corn [2]	.63	−7	.70
Sorghum [2]	.87	−6	.83

[1] Not quoted. [2] Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries. Note: Basis—30- to 60-day delivery.

Livestock and Meat Products

Value of U.S. Livestock and Meat Trade Up

The value of livestock and meat product exports continued to trend upwards in April and, at $57 million, was nearly 24 percent above a year ago. Most of the increase in value came from greater exports of inedible tallow and lard.

Imports, at $109 million, were up 4 percent due to increased entries of prepared beef items for consumption and slightly greater imports of boneless beef at higher per unit values.

Inedible tallow exports, at 236 million pounds, were up nearly 30 percent from April a year ago. Most of the increase came from larger shipments to Korea, India, Japan, and some South American countries including Colombia, Brazil, and Argentina. During the past decade Colombia has purchased significant quantities of U.S. inedible tallow—the largest being around 60 million pounds in CY 1968 and 1969. U.S. exports to Colombia through April totaled 32 million pounds.

Until recently Argentina and Brazil have not been among the major South American purchasers. The increased trade with Argentina and Brazil reflects the decline in cattle slaughter in Argentina and, in consequence, its tallow production. Argentina normally supplies tallow to Brazil.

Lard exports in April, totaling about 40 million pounds, were triple their level of a year ago. Shipments to the United Kingdom of 35 million pounds compared with 6 million last year accounted for the increase. Through April U.S. lard exports totaled 133 million pounds—18 percent above those of a year ago.

Exports of beef and veal fell slightly in April to 4.4 million pounds from the 4.7 million shipped in March. However, through April exports were running about 64 percent above the 9 million pounds shipped during the same period in 1970.

U.S. EXPORTS OF SELECTED LIVESTOCK PRODUCTS [1]

Commodity	April		January-April	
	1970	1971	1970	1971
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Animal fats:				
Lard	12,892	39,322	112,818	133,070
Tallow and greases:				
Inedible	182,539	236,074	701,040	939,816
Edible	2,725	315	7,422	4,593
Meats:				
Beef and veal	2,375	4,418	9,296	15,276
Pork	3,262	3,308	14,234	13,400
Goat, lamb, and mutton	71	132	312	563
Sausages	252	350	1,323	1,267
Meat specialties	347	246	1,285	1,048
Other canned	694	508	2,734	2,348
Total red meats [2]	6,995	8,962	29,184	33,902
Variety meats	22,204	19,818	66,525	91,790
Sausage casings (animal origin)	1,218	984	4,078	4,519
Animal hair, incl. mohair	1,643	1,893	4,185	4,982
Hides and skins:				
Cattle parts	1,210	2,763	4,479	8,223
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	1,181	1,239	5,363	5,309
Calf	107	280	330	726
Kip	28	9	91	67
Sheep and lamb	270	453	1,068	1,701
Horse	17	4	54	55
Goat and kid	5	30	96	169
Livestock:	*Number*	*Number*	*Number*	*Number*
Cattle and calves	2,478	7,505	11,568	55,910
Sheep, lambs, and goats	16,765	32,145	40,204	62,644
Hogs	1,947	1,583	6,273	8,333
Horses, asses, mules, and burros	30,497	1,007	32,482	3,661

[1] Preliminary. [2] May not add due to rounding. Bureau of the Census.

U.S. IMPORTS OF MEAT AND SELECTED LIVESTOCK PRODUCTS [1]

Commodity	April 1970	April 1971	January-April 1970	January-April 1971
Red meats:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Beef and veal:				
Fresh, chilled, or frozen:				
Bone-in beef	2,919	2,173	9,888	6,132
Boneless beef	79,089	79,850	386,332	304,346
Cuts (prepared)	808	4,839	2,655	16,659
Veal	1,922	1,688	8,305	5,918
Canned beef:				
Corned	4,861	3,828	32,509	15,955
Other, including sausage	1,633	1,717	8,600	7,142
Prepared and preserved	4,833	6,074	20,371	14,982
Total beef and veal [2]	96,063	100,168	468,659	371,135
Pork:				
Fresh, chilled, or frozen	5,629	4,376	18,129	20,531
Canned:				
Hams and shoulders	23,452	22,823	86,084	91,437
Other	2,534	1,789	10,642	7,632
Cured:				
Hams and shoulders	220	53	538	305
Other	332	268	1,408	1,250
Sausage	285	376	1,198	1,250
Total pork [2]	32,450	29,685	118,001	122,406
Mutton and goat	4,781	2,480	21,369	6,634
Lamb	2,973	3,789	15,317	20,315
Other sausage	1,169	834	3,798	2,889
Other meats	1,638	1,361	6,922	5,454
Total red meats [2]	139,075	138,317	634,066	528,831
Variety meats	809	620	3,191	2,874
Edible and inedible tallow and grease	804	731	2,246	2,915
Meat extract	71	46	268	301
Wool (clean basis):				
Dutiable	7,663	4,129	36,030	19,625
Duty-free	4,688	6,940	22,962	23,989
Total wool [2]	12,352	11,069	58,993	43,614
Animal hair (clean basis)	310	238	943	769
Hides and skins:				
Cattle parts	45	144	181	660
Sheep skins, pickled and split	1,640	679	4,463	2,179
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	29	28	86	99
Calf and kip	38	7	197	96
Buffalo	25	23	70	50
Sheep and lamb	1,847	3,591	7,464	8,851
Goat and kid	192	317	2,119	755
Horse	19	14	60	71
Pig	68	11	410	69
Livestock:	*Number*	*Number*	*Number*	*Number*
Cattle [3]	102,882	101,394	414,350	350,636
Sheep	181	454	1,469	2,209
Hogs	6,858	5,548	12,432	21,411
Horses, asses, mules, and burros	333	576	884	1,154

[1] Preliminary. [2] May not add due to rounding. [3] Includes cattle for breeding. Bureau of the Census.

Larger shipments of fresh and frozen beef to Canada were responsible for the increase.

Live cattle exports to Canada in April, at 6,000 head, were nearly 3,500 head above last year. Almost 70 percent of the April 1971 total was for slaughter and the remainder for breeding.

Prepared beef items are the most rapidly expanding category of red meat imports. These items fall under Annotated U.S. Tariff Schedule 107.6020 (prepared beef, whether fresh, chilled, or frozen but not otherwise preserved, valued at over 30 cents per lb.) and are not subject to the Meat Import Law. During April 4.8 million pounds were imported under this Tariff Schedule category, compared with only 1 million during April 1970. The average unit value fell from 56 cents per pound in April last year to 48 cents this year. Of the total imported in April Guatemala supplied 36 percent; Honduras, 24 percent; and Nicaragua, 25 percent. Imports from Nicaragua were more than double those of any other month so far this year. Costa Rica shipped 36,000 pounds in April—the first shipment to date of Costa Rican meat in this category.

Imports of boneless beef totaled 80 million pounds in April—almost unchanged from last year. Unit values, however, were up from 51 cents per pound to 53 cents this April. The slightly larger quantity imported at higher unit values accounted for more than half of the gain in the value of beef and veal imports in April.

Imports of prepared and preserved beef were up 25 percent from the 4.8 million pounds imported last year. Most of the increase came from larger arrivals of cooked frozen beef from Brazil.

Fresh, chilled, and frozen pork imports totaled 4.4 million pounds—down more than 20 percent from a year earlier. Virtually all U.S. imports of fresh, chilled, and frozen pork come from Canada.

Mutton imports from Australia continued to run below year-earlier levels. In April they totaled 2.5 million pounds compared with 4.7 million a year ago. To date only about one-half of the Australian mutton plants have been recertified as eligible to export to the United States.

Australia and New Zealand are the largest suppliers of lamb to the United States. In April, U.S. lamb imports totaled 3.8 million pounds, of which Australia supplied 2.5 million and New Zealand 1.3 million. A year ago lamb imports totaled 3 million pounds, of which Australia supplied 1.7 million and New Zealand 1.3 million.

Imports of duty-free wool during the first 4 months of 1971 were slightly above their year-earlier level but reduced entries of dutiable wool brought total wool imports down about 25 percent from last year. The average unit value of dutiable wool imports continued its downward trend in April to 65 cents per pound, clean basis, or about 3.8 cents below that of last year.

Argentine Cattle Situation Improves

A recent report from Argentina indicates that beef exports in May are expected to show some increase due to a pickup in marketings and the alternate weekly bans on domestic consumption which have released more beef for export.

Argentina's beef exports through April totaled 248 million pounds—down 56 percent from the same period a year ago. Of the total, 95 million pounds (product weight) were chilled and frozen compared with 202 million pounds during the same period last year. During the first 2 weeks of May Argentina exported 46 million pounds of beef.

Cattle marketings have finally begun to show a seasonal rise and prices have declined somewhat but the overall situation still remains abnormal due to the weekly bans on domestic consumption.

Deliveries to the Liniers market through April totaled 980,000 head—44 percent less than last year. This averages to about 61,000 head per week. Deliveries during the week ending May 21 (a beef-consumption week) were 76,000 head.

Average uncontrolled market prices for steers on the Liniers market paid by packers for both domestic use and slaughter for export have moderated since their February high. The average price of steers on the Liniers market was $18.51 per 100 pounds in January and rose to $18.94 per 100 pounds in February. Steer prices in March were influenced by price controls and fell to $16.67 per 100 pounds. In April the average market price dropped to $18.03 per 100 pounds from the February high and for the week ending May 24 averaged $18.05 per 100 pounds.

The ban imposed on domestic beef consumption came into effect the last week of March and will continue every other week until the end of June. The ban has effectively lowered April per capita beef consumption in the Buenos Aires area by 50 percent below the normal for that month.

Argentine cattle slaughter for the first quarter of 1971 was reported by the Meat Board at 2.3 million head—down 24 percent from last year. Slaughter for 1970 was 12.8 million head compared with 13.8 million in 1969. Slaughter for 1971 is projected to be 10.5 million head.

Dairy and Poultry

Mexico Halts Imports of Baby Chicks

Faced with depressed egg prices, the Mexican Government is withholding import permits for baby chicks in an effort to reduce parent stock and thus end the oversupply that has resulted in declining prices.

For a number of years Mexico has been the second largest market for U.S. exports of baby chicks for breeding. In 1970 Mexico bought 2,419,000 baby chicks worth $2 million from the United States, but exports will be cut in 1971. Even before the current restrictions, the number of baby chicks exported to Mexico was 29 percent lower in the first quarter of 1971 than during the same period of 1970.

The Mexican Government is expected to resume issuing permits by the end of this month, but it is estimated that import authorizations will be cut 15-20 percent.

Sugar and Tropical Products

India Removes Sugar Controls

On May 25 the Government of India adopted a new sugar policy which removed most price distribution and movement controls on mill sugar. The quantity released from mills to wholesalers will still be controlled. To protect growers' interests minimum cane prices payable by mills will be fixed annually as usual.

The policy in regard to exports is unchanged. The Government will continue to reimburse export losses and make export allocations to individual mills.

At the same time that it removed sugar controls, the Government instituted an excise tax on all mill sugar, replacing the discriminatory levies on controlled sugar and free-sale sugar.

India has increased production of sugar during recent years, and large accumulations of unsold stocks have caused financial difficulties for mills. The immediate effect of the new policy was a decrease in sugar prices in Bombay's wholesale market. Sugar mills in areas with high sugar recovery and relatively lower production costs have reacted favorably to the Government's decision to remove controls.

South Vietnam Opens New Sugar Mill

A new sugar mill was opened May 31, 1971, at Quang Ngai City, South Vietnam. The mill is privately owned and capable of processing 1,500 metric tons of sugar a day. Reports indicate that four existing mills in the Saigon area have been brought back into production. The Government is promoting sugarcane growing and hopes the country will be self-sufficient within 3 or 4 years. South Vietnam consumes about 150,000 tons of sugar annually and, in the past several years, has had to depend entirely on imports.

Senegal To Get Sugar Complex

A sugar complex is to be constructed at Richard Toll in the river region of Senegal. There is a program of cultivation for 5,300 hectares (13,096 acres) with 2,000 hectares (4,942 acres) to be added. It is expected that by 1972-73 about 125,000 tons of sugarcane will be produced. The industrial part of the program includes establishment of a sugar factory with a daily capacity beginning at 2,200 tons of sugarcane. Half of the sugar will be white and half in sugar loaves.

Total cost of the complex is estimated to be about $32.6 million, of which $6.2 million will be for land improvement and agricultural machinery. In the past Senegal has depended on imports for its requirements of about 65,000 metric tons of sugar annually.

Chile Raises Sugar Prices

A resolution by the Ministry of Economy on May 28 increased wholesale and retail prices of sugar in Chile by an average of 36 percent. The increase is due, according to official sources, to increases in the world price of sugar, a 19-percent increase in the price of domestic beet sugar, and a 45-percent increase in salaries of refinery workers.

Chile consumes about 350,000 metric tons of sugar annually and depends on imports for one-third or more of requirements.

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Foreign Agriculture

U.S. Cattle and Feed Highlighted at Novi Sad Fair

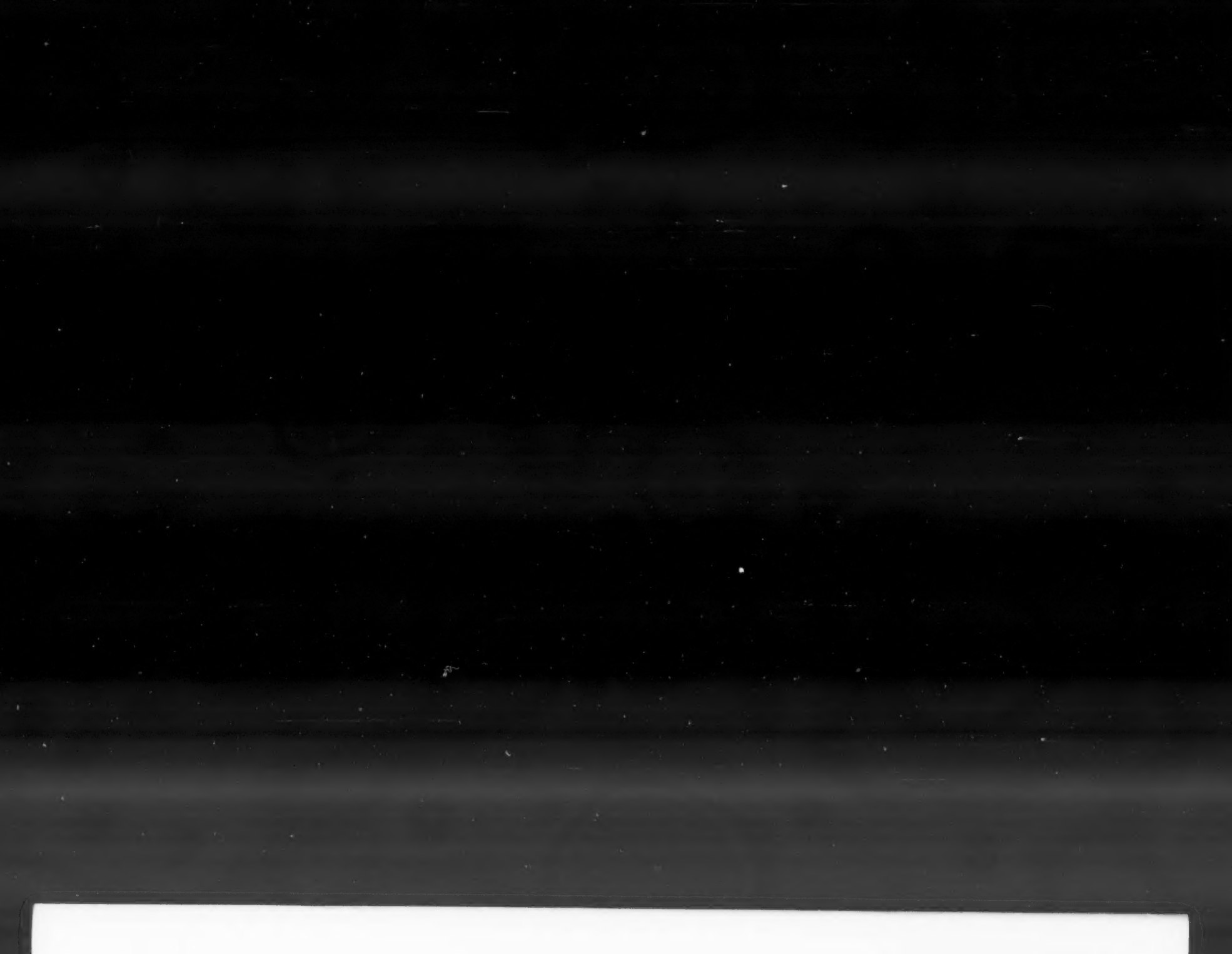
At Yugoslavia's Novi Sad Agricultural Trade Fair held May 14–24, a display of purebred dairy breeding stock from U.S. Holstein-Friesian herds drew the attention of visitors from President Tito to Yugoslav farmers. In addition, the USDA-sponsored exhibit included three well-attended seminars on livestock nutrition at which U.S. nutrition and livestock breeding experts emphasized including U.S. soybean meal and tallow in poultry and livestock rations, and the place of U.S. purebred Holstein-Friesian breeding stock in dairy herd improvement programs.

Yugoslavia has launched an improvement program for its dairy industry. The plan includes concentration on better stock, feeding methods, and processing and marketing of milk and dairy products. In November 1970 some 80 Holstein-Friesian heifers were flown in from the United States, in the first commercial shipment of U.S. dairy cattle to Yugoslavia. Animals from this herd were exhibited at the Novi Sad Fair.

Results of the fair were good. Over 200 visitors made trade inquiries about the cattle. Arrangements were made to purchase 216 head from U.S. exporters, and future purchases may be in the range of 5,000 to 6,000 head.

Of the more than 300 representatives of government, academic, trade, and farming groups at the three seminars, 280 indicated a desire for followup contacts by U.S. soybean, tallow, and Holstein-Friesian exporters.

The growing demand for livestock and poultry production in Yugoslavia is resulting in increased feed production and consequently larger imports of feed ingredients. Yugoslav imports of U.S. soybean meal increased from 37,000 tons valued at $3.5 million in 1963, to an estimated 152,000 tons valued at about $15 million in 1970.

Right, Chet Randolph, American Soybean Association, at poultry nutrition seminar. Below, Attaché Frank Ehman introduces Ray Kliewer (seated on his right), Holstein-Friesian Association of America.

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